

## NEW ECONOMY

Kentucky's colleges and universities are critical players in the state's efforts to compete in the new economy, which is driven by rapid technological change and knowledge-intensive activity. Kentucky needs more effective partnerships between postsecondary institutions and small and medium-sized firms. Kentucky's scientists and entrepreneurs need help converting ("commercializing") the results of basic research into marketable products.

Recent legislation addresses these needs and puts universities and colleges at the center of the state's new economy efforts. In 2000, the Kentucky General Assembly passed *The Kentucky Innovation Act*. It created the Kentucky Innovation Commission and the Office for the New Economy within the Cabinet for Economic Development to provide policy leadership. The Council for Postsecondary Education, the Cabinet for Economic Development, and the Kentucky Science and Technology Corporation are key players.

The 2000 act gave the council policy leadership for four initiatives to stimulate research and development, university-business collaboration, and rural involvement in high technology growth:

- The Research and Development Voucher Program provides vouchers to small and medium-sized Kentucky-based companies redeemable at Kentucky universities to fund research and development on technologies with commercial potential.
- The Commercialization Program provides initial funding for technologies with commercial potential developed at Kentucky's universities.
- Regional Technology Corporations are designed to support clusters of knowledge-based businesses, primarily in rural areas of Kentucky.\*
- The Rural Innovation Program funds research, development, and entrepreneurial projects proposed by rural Kentucky-based small companies in partnership with Kentucky postsecondary institutions and other research and development entities.

*The Kentucky Innovation Act* also designated the council as the fiscal agent for:

- a statewide entrepreneurial audit (findings published October 26, 2001)
- the Kentucky Science and Engineering Foundation
- the Kentucky Experimental Program to Stimulate Competitive Research

The council contracts with the Kentucky Science and Technology Corporation to administer these programs.

---

\* The Regional Technology Corporations were repealed in 2002 and recreated as satellites to Innovation and Commercialization Centers, managed by the Office for the New Economy.

Kentucky's five priority research areas representing high-potential technology clusters are:

- human health and development
- biosciences
- information technology and communications
- environmental and energy technologies
- materials science and advanced manufacturing

### **Questions Governing Board Members Might Ask**

1. What is our institution's long-term strategy for developing programs that support new economy initiatives?
2. How do we assure that students are prepared for new economy jobs?